

Message Text

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73

ORIGIN AGR-20

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

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E. O. 11652: N/ A

TAGS: EAGR, ETRD, US, TS, JA, KS, RP

SUBJECT: WHEAT SUPPLIES

FOR AGRICULTURAL ATTACHE FROM AGRICULTURE

BEGIN SUMMARY. COMMODITY CREDIT CORPORATION (CCC) PREPARING
SELL WHEAT STOCKS RESERVED LAST SUMMER FOR EAST ASIAN MARKETS.
AG ATTACHES REQUESTED NOTIFY HOST COUNTRIES. END SUMMARY.

1. CCC WILL SELL MARCH 26 ITS REMAINING STOCKS OF HARD RED
WINTER (HRW) WHEAT. SALES WILL INCLUDE STOCKS RESERVED
LAST SUMMER FOR SALE TO COMMERCIAL WHEAT MARKETS IN EAST
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ASIA (JAPAN, ROC, ROK AND ROP). POSTS WILL RECALL THAT WHEN WORLD DEMAND FOR WHEAT SEEMED IN DANGER OF OUTSTRIPPING AVAILABLE WHEAT SUPPLIES, THE U. S. DEPARTMENT OF AGRICULTURE (USDA) EARMARKED 30 MILLION BUSHELS OF HRW WHEAT IN CCC STOCKS TO BE USED, IF NECESSARY, AS A RESERVE TO MEET EAST ASIA COMMERCIAL IMPORT REQUIREMENTS. THIS DONE TO PROTECT LONG- TERM U. S. INTERESTS IN RAPIDLY GROWING EAST ASIAN MARKETS. USDA BELIEVES CCC STOCKS NOW BEING SOLD PLUS STOCKS CURRENTLY AVAILABLE IN PACIFIC NORTHWEST SHOULD BE ADEQUATE TO MEET EAST ASIAN COMMERCIAL REQUIREMENTS BETWEEN NOW AND WHEN NEW CROP WHEAT BECOMES AVAILABLE. NEW CROP WILL BE AVAILABLE IN LATE MAY IN SOUTHERN GREAT PLAINS AND IN LATE JULY IN PACIFIC NORTHWEST. WHEAT SITUATION NOT NOW AS TIGHT AS APPEARED LAST SUMMER. LOWER PRICED CORN AND GRAIN SORGHUM HAVE BEEN USED INSTEAD OF WHEAT TO MEET PART OF ASIA FOOD SHORTAGES AND RYE HAS REPLACED SOME SALES IN EAST EUROPE.

2. USDA NOW ESTIMATES NO MORE THAN 15 MILLION OF ORIGINAL 30 MILLION BUSHELS EARMARKED ARE NEEDED FOR EAST ASIA. ABOUT 18 MILLION BUSHELS BEING OFFERED MARCH 26 ARE IN POSITIONS ADVANTAGEOUS FOR WEST COAST MOVEMENT. ALL BUT 2 MILLION BUSHELS, HOWEVER, ARE ALSO IN POSITIONS TO MOVE TO GULF COAST POSITIONS. IT IMPORTANT, THEREFORE, THAT EAST ASIAN CUSTOMERS NOTIFY THEIR SUPPLIERS IMMEDIATELY IF THEY HAVE REASONS BELIEVE THEY NEED MORE WHEAT THAN PRESENTLY ESTIMATED BY USDA. WHEAT, OF COURSE, WILL BE SOLD AT CURRENT WORLD MARKET PRICES.

3. AG ATTACHES REQUESTED NOTIFY HOST GOVERNMENT OFFICIALS, FLOUR MILLERS AND IMPORTERS THAT RESERVE STOCKS BEING SOLD. IN DOING SO AG ATTACHES SHOULD DRAW ON ABOVE POINTS. SHOULD ALSO EMPHASIZE CONTINUING U. S. INTERESTS IN EAST ASIAN MARKETS AND POINT OUT THIS DEMONSTRATED BY DECISION TAKEN LAST SUMMER TO RESERVE STOCK TO ASSURE SUPPLIERS FOR EAST ASIAN MARKETS. THIS ONLY REGION FOR WHICH USDA TOOK SUCH ACTION. RESERVES HELD LONGEST POSSIBLE TIME.
ROGERS

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